

HOUSE BILL NO. 110

INTRODUCED BY M. NOENNIG, BIXBY, ELLIS, FACEY, GALVIN-HALCRO, GILLAN, HAINES, HARRIS,
HEDGES, LAWSON, LEE, MAHLUM, MASOLO, MCKENNEY, MUSGROVE, NELSON, OLSON,
A. PETERSON, RIPLEY, RYAN, WALTERS, WOLERY, C. YOUNKIN

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A SCHOOL DISTRICT TO INVEST
ENDOWMENTS ACCORDING TO THE PROVISIONS OF THE UNIFORM MANAGEMENT OF INSTITUTIONAL
FUNDS ACT; AMENDING SECTION 20-9-604, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN
APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 20-9-604, MCA, is amended to read:

"20-9-604. Gifts, legacies, devises, and administration of endowment fund. (1) The trustees of
~~any~~ a district may accept gifts, legacies, and devises, subject to the conditions imposed by the deed of
the donor or the will of the testator or without any conditions imposed. Unless otherwise specified by the
donor, devisor, or testator, when a district receives a gift, legacy, or devise, the trustees shall deposit ~~such~~
the gift, legacy, devise, or the proceeds ~~therefrom~~ in an endowment fund. The trustees shall administer
the endowment fund so as to preserve the principal from loss, and only the income from the fund ~~shall~~
may be appropriated for any purpose.

(2) Unless the conditions of the endowment instrument require an immediate disbursement of the
money, the money deposited in the endowment fund ~~shall~~ must be invested by the trustees;
~~notwithstanding the provisions of any other state law, in:~~

~~—— (a) school district bonds of the district;~~

~~—— (b) bonds of other school districts within the state;~~

~~—— (c) first mortgage bonds, debentures, notes, and other evidences of indebtedness issued,
assumed, or guaranteed by any solvent and operating public utility corporation existing under the laws of
the United States of America or any state thereof, which bonds, debentures, notes, and other evidences
of indebtedness are, at the time of such investment, within the three highest quality grades for the rating
of such bonds, debentures, notes, and other evidences of indebtedness by any nationally recognized~~

1 ~~investment rating agency;~~

2 ~~—— (d) certificates of deposit of Montana banks insured by the federal deposit insurance corporation;~~

3 ~~or~~

4 ~~—— (e) direct obligations of the United States government~~ according to the provisions of the Uniform
5 Management of Institutional Funds Act, Title 72, chapter 30.

6 (3) All interest collected on the deposits or investments ~~shall~~ must be credited to the endowment
7 fund. No portion of the endowment fund may be loaned to the district, nor may any money of the fund
8 be invested in warrants of the district.

9 (4) Whenever ~~any~~ a district has been abandoned, the endowment fund of the abandoned district
10 ~~shall~~ must be transferred and placed in the endowment fund in the district to which the territory is
11 attached.

12 (5) As the custodian of the endowment fund, the county treasurer is liable on ~~his~~ the treasurer's
13 official bond for the endowment fund of any district of the county. No later than July 1 each school fiscal
14 year, the county treasurer shall ~~account~~ report to the trustees of each district on the condition of its
15 endowment fund, including the status of the investments that have been made with the money of the
16 fund. The county treasurer shall also include the endowment fund in ~~his~~ the treasurer's reports to the
17 board of county commissioners.

18 (6) The trustees of any district having an endowment fund shall provide suitable memorials for
19 all persons or associations of persons making gifts to the district ~~which~~ that become a part of the
20 endowment fund."

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22 NEW SECTION. Section 2. Effective date -- applicability. [This act] is effective July 1, 2001, and
23 applies to investment of school district endowments on or after July 1, 2001.

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